

GRAHAM, SETTERINGTON, McINTOSH, DRIEDGER & HICKS LLP

CHARTERED PROFESSIONAL ACCOUNTANTS



R. TYLER HICKS, CPA, CA, BBA

HEATHER L. MacPHERSON, CPA, CA, BAcc

LINDSAY L. ROUNDING, CPA, CA, BAacc

TIM C. DRIEDGER, CPA, CA, BA

AL W. McINTOSH, CPA CA (Retired)

PAUL H. DRIEDGER, CPA, CA, BSc (Retired)

P.O. BOX 189, 49 ERIE ST. N.,
LEAMINGTON, ONTARIO N8H 3W2

TELEPHONE (519) 326-2681

FAX (519) 326-8044

www.gsmdh.com

INDEPENDENT AUDITOR'S REPORT

To the Council of Caldwell First Nation

We have audited the accompanying financial statements of Caldwell First Nation, which comprise the statement of financial position as at March 31, 2014, and the statement of operations, statement of changes in net financial assets, statement of cash flow, and statement of remeasurement gains for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the statement of financial position of Caldwell First Nation as at March 31, 2014, and the statement of operations, statement of changes in net financial assets, statement of cash flow, and statement of remeasurement gains for the year then ended in accordance with Canadian public sector accounting standards.

**GRAHAM, SETTERINGTON, McINTOSH,
DRIEDGER & HICKS LLP**

*Graham, Setterington, McIntosh
Driedger & Hicks LLP*


Chartered Professional Accountants
Licensed Public Accountants

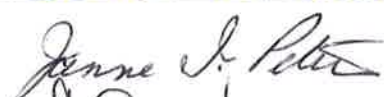
Leamington, Ontario
July 3, 2014

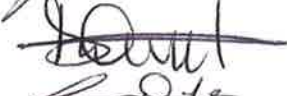
Caldwell First Nation
Statement of Financial Position
as at March 31

	2014	2013
Assets		
Financial Assets		
Cash	\$ 6,745,790	\$ 5,489,853
Accounts receivable	11,040	298,052
Trust income receivable	368,327	166,907
Loan receivable - affiliate	20,000	-
Long term investments (note 1)	6,568,702	6,918,926
Caldwell infant trust (note 1)	509,938	569,808
	14,223,797	13,443,546
Liabilities		
Bank indebtedness (note 4)	1,558,874	1,558,444
Accounts payable and accrued liabilities	5,064	694
Deferred revenue (note 7)	606,147	800,891
Caldwell infant trust payable (note 1)	509,938	569,808
	2,680,023	2,929,837
Net Financial Assets	11,543,774	10,513,709
Non-Financial Assets		
Tangible capital assets - net (note 3)	13,524,492	10,816,600
Prepaid expenses	27,443	2,296
	13,551,935	10,818,896
Accumulated Surplus - General Fund	22,126,585	18,919,848
Accumulated Surplus - OFNLP Invested in TCAs (note 9)	2,845,332	2,377,403
Accumulated Remeasurement Gains	88,444	35,352
	\$ 25,060,361	\$ 21,332,603

On Behalf of the Nation


Isabel M. Lewis


Jeanne J. Peter


David

Caldwell First Nation
Statement of Operations
for the years ended March 31

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 147,418	\$ 134,513
Association of Iroquois and Allied Indians (AIAI)	143,798	193,660
OFNLP	650,487	2,479,733
Investment and trust revenue	3,458,810	1,850,102
Rent and miscellaneous	67,289	25,747
Trillium grants	49,449	112,851
Hunting and fishing, CORDA, fundraising	38,465	-
	4,555,716	4,796,606
Expenses		
Salaries, benefits, honorariums	247,081	243,254
Elections, membership meetings	10,869	13,961
Professional fees	80,456	33,772
Bank charges and interest	-	12
Office	13,743	8,910
Telephone, utilities	21,145	24,954
Travel, meals	34,768	30,174
Program expenses, supplies	86,715	176,408
Library	11,017	7,263
Land development	20,669	7,269
Community and ec. dev - OFNLP	182,558	-
Administration, other	150,624	203,253
Insurance	4,360	3,000
Settlement expenses	-	72,000
Amortization	17,047	-
	881,052	824,230
Annual Surplus	3,674,664	3,972,376
Accumulated Surplus, Beginning of Year	21,297,253	17,324,877
Accumulated Surplus, End of Year	\$ 24,971,917	\$ 21,297,253

Caldwell First Nation
Statement of Change in Net Financial Assets
for the years ended March 31

	2014	2013
Annual Surplus		
Acquisition of tangible capital assets	\$ 3,674,664	\$ 3,972,376
Change in prepaid expenses	(2,707,892)	(10,438,226)
Remeasurement gains on long term investments	(25,147)	-
	88,444	35,352
Change in Net Financial Assets	1,030,069	(6,430,498)
Net Financial Assets, Beginning of Year	10,513,707	16,944,205
Net Financial Assets, End of Year	\$ 11,543,776	\$ 10,513,707

Caldwell First Nation
Statement of Cash Flow
for the years ended March 31

	2014	2013
Cash flow from operating activities		
Cash received from funders, members, etc.	\$ 1,189,174	\$ 3,615,645
Cash paid to suppliers, employees, etc.	(884,354)	(876,915)
	304,820	2,738,730
Cash flow from financing activities		
Transfer of funds to affiliate	(20,000)	-
Cash flow from investing activities		
Purchase of tangible capital assets	(2,724,939)	(10,438,226)
Investment and trust revenue received	3,345,834	2,166,120
Redemption of long term investments	350,224	8,099,566
	971,119	(172,540)
Net Change in Cash	1,255,939	2,566,190
Cash, Beginning of Year	5,489,851	2,923,661
Cash, End of Year	\$ 6,745,790	\$ 5,489,851

Caldwell First Nation
Statement of Remeasurement Gains
for the years ended March 31

	2014	2013
Adjustment upon adoption of financial instruments	\$ -	\$ 57,629
Unrealized gains attributable to:		
Long-term investments	88,444	35,352
Amounts reclassified to the statement of operations:		
Disposition of long-term investments	(35,352)	(57,629)
Net Remeasurement Gains for the Year	53,092	35,352
Accumulated Remeasurement Gains at Beginning of Year	35,352	-
Accumulated Remeasurement Gains at End of Year	\$ 88,444	\$ 35,352

Caldwell First Nation
Notes to Financial Statements
for the years ended March 31

Nature of Business

Caldwell First Nation is a non-profit, non-taxable organization and is engaged in the social, cultural, educational and economic development of its member citizens.

1. Summary of Accounting Policies

The financial statements have been prepared by the management of the Nation in accordance with Canadian generally accepted accounting principles for governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

This reporting entity includes the Caldwell First Nation government and all related entities that are either owned or controlled by the First Nation.

Management Responsibility

The financial statements of Caldwell First Nation are the representation of management prepared in accordance with accounting policies prescribed for government not-for-profit organizations as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Use of Estimates

In preparing the financial statements for the members of Caldwell First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Although these estimates are based on management's best knowledge of current events and actions that the nation may undertake in the future, actual results could differ from the estimates. Areas of key estimation include valuation of accounts receivable and deferred revenue and the carrying amount of property, plant and equipment.

Revenue Recognition

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Investment and trust revenue is recorded as received or the amount is known and collection is reasonably assured. All other revenue is recorded as received.

Deferred Revenue

Revenue restricted by external purposes or not yet available for Nation use is reported as deferred revenue on the statement of financial position. The revenue is reported on the statement of operations in the year in which it is used for specified purposes.

Financial Instruments

The Nation classifies its financial instruments as either fair value or amortized cost. The Nation's accounting policy for each category is as follows:

Fair Value

This category includes cash, trust income receivable, long term investments, Caldwell infant trust, and bank indebtedness and Caldwell infant trust payable.

Caldwell First Nation
Notes to Financial Statements
for the years ended March 31

1. Summary of Accounting Policies (Cont'd)

Amortized Cost

This category includes accounts receivable, loan receivable affiliate, accounts payable and accrued liabilities, and deferred revenue. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

Investments

Long term investments are recorded at market value. These investments include government bonds, mutual funds and various equity holdings. Any income earned on these investments is to be paid to the Nation at least annually for operational purposes.

Caldwell Infant Trust was established on June 8, 2011 to hold the sum of \$ 24,000 for each member that was under the age of 18 as of August 21, 2010. This trust is managed by The Canada Trust Company. Principal and accrued interest is to be paid out to each member as they attain the age of 18. This trust is recorded at market value and a corresponding payable has been recorded in the liabilities.

Caldwell First Nation
Notes to Financial Statements
for the years ended March 31

2. Financial Instrument Classification

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value shown below.

	Fair Value	Amortized Cost	Total
Cash	\$ 6,745,790	\$ -	\$ 6,745,790
Accounts receivable	-	11,040	11,040
Trust income receivable	368,327	-	368,327
Loan receivable - affiliate	-	20,000	20,000
Long term investments	6,568,702	-	6,568,702
Caldwell infant trust	509,938	-	509,938
Bank indebtedness	1,558,874	-	1,558,874
Accounts payable and accrued liabilities	-	5,064	5,064
Deferred revenue	-	606,147	606,147
Caldwell infant trust payable	509,938	-	509,938
	\$ 16,261,569	\$ 642,251	\$ 16,903,820

The cash is a fair value measurement which is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price.

3. Tangible Capital Assets

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets.

Amortization is reflected on a declining balance basis over the estimated useful life of the assets. It is the Nation's policy not to amortize assets in the year of acquisition. The amortization rates are as follows:

Land	Indefinite life
Building	4%
Equipment	20%
Solar equipment	not currently amortized

	Cost	Accumulated Amortization	Net Book Value 2014	Net Book Value 2013
Land	\$ 13,103,649	\$ -	\$ 13,103,649	\$ 10,432,753
Building	361,006	12,451	348,555	311,263
Equipment	27,281	4,596	22,685	22,981
Solar equipment	49,603	-	49,603	49,603
	\$ 13,541,539	\$ 17,047	\$ 13,524,492	\$ 10,816,600

Caldwell First Nation
Notes to Financial Statements
for the years ended March 31

4. Bank Indebtedness

	2014	2013
Bank of Montreal - Demand loan	\$ 534,201	\$ 533,771
Bank of Montreal - Demand loan	1,024,673	1,024,673
	\$ 1,558,874	\$ 1,558,444

These loans have been called by the Bank of Montreal, but legal proceedings are currently underway, therefore, no interest or other fees are included in these financial statements. Caldwell and the Bank of Montreal are in the final stage of a settlement, however, the details are not yet finalized or known with certainty and have not been disclosed.

5. Contingency

The Corporation receives funding from various government agencies based on specific program needs and budgets and allocates certain expenses to the various programs. In many cases, the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their programs. At this time, no estimate of the requirements, if any, to reimburse the agencies can be made for current funding. Management of the Corporation feels that their allocations of expenses are fair and appropriate in the circumstances.

6. Health Program (Schedule 5)

Funding included under this category includes the following:

	2014	2013
Health Consultation	\$ 2,250	\$ -
Health Careers	3,000	3,000
Health and Social Services	2,000	2,000
	\$ 7,250	\$ 5,000

7. Deferred Revenue

	2014	2013
Deferred revenue is comprised of:		
OFNLP	\$ 606,147	\$ 800,891

Caldwell First Nation
Notes to Financial Statements
for the years ended March 31

8. Related Entity

Caldwell First Nation has an economic interest in the Caldwell Settlement Trust.

Caldwell Settlement Trust ("Trust") was settled under a Deed of Trust by the Caldwell First Nation ("Caldwell") as Settlor by the payment of an initial contribution on May 25, 2011. A further contribution in the amount of \$75,000,000 was subsequently made to the Trust by the Government of Canada.

The Trust was established to effect the investment and distribution of the monies due to Caldwell; to build out a Reserve, to finance Caldwell programs, services and activities; to provide income to Caldwell Institutions; and to generally benefit Caldwell future generations.

The assets, liabilities, results of operations and cash flows for the Trust for the years ended December 31 are as follows:

	2014	2013
<i>Financial position:</i>		
Total assets	\$ 78,679,070	\$ 76,386,718
Distributions payable	\$ 3,178,061	\$ 1,726,633
Net assets	75,501,009	74,660,085
	\$ 78,679,070	\$ 76,386,718
<i>Results of operations:</i>		
Total revenue	\$ 4,545,487	\$ 1,848,728
Total expenses	549,723	462,010
Net income	\$ 3,995,764	\$ 1,386,718
<i>Cash flows:</i>		
Operating	\$ 5,414,674	\$ 2,917,824
Investing	(1,701,736)	(1,411,754)
Financing	(3,154,841)	(1,726,633)

9. OFNLP Surplus

OFNLP funding in the amount of \$2,845,332 (2013 - \$2,377,403) have been utilized to acquire various tangible capital assets.

10. Budget Amounts

Budget amounts have been presented for programs that require one for funding.

11. Comparative Figures

Certain comparative figures have been reclassified to conform to current year's presentation.

Caldwell First Nation
Notes to Financial Statements
for the years ended March 31

12. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Nation if a debtor fails to make payments of interest and principal when due. The Nation is exposed to this risk relating to its cash and accounts receivable. The Nation holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, each of the Nation's cash accounts are insured up to \$100,000 (2013 - \$100,000).

Accounts receivable is primarily due from government agencies. Credit risk is mitigated by the financial solvency of the provincial government.

The Nation measures its exposure to credit risk based on how long the amounts have been outstanding. At the present time, 100% of the Nation's receivables are current.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk and equity risk. The Nation is not exposed to significant currency risk as it does not transact materially in foreign currency.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Nation is exposed to this risk through its various investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Nation is exposed to this risk through its equity holdings within its investment portfolio. The nation holds a very diversified portfolio in order to manage this risk.

There have been no significant changes from the pervious year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity Rate Risk

Liquidity risk is the risk that the Nation will not be able to meet all cash outflow obligations as they come due. The Nation mitigates this risk by monitoring cash activities and expected outflows and maintaining sufficient cash resources at all times.

Caldwell First Nation
Notes to Financial Statements
for the years ended March 31

13. Trillium Grant - War of 1812

This grant was received as a collaborative project between Caldwell First Nation, SFNS and the Municipality of Chatham-Kent.

Caldwell First Nation
Schedule of Band Support
Schedule 1

for the years ended March 31

	Budget 2014 (unaudited)	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	\$ 92,831	\$ 102,918	\$ 90,331
Aboriginal Affairs and Northern Development Canada - Registry	-	2,500	2,200
	92,831	105,418	92,531
Expenses			
Professional fees	20,000	22,706	18,573
Bank charges and interest	-	-	12
Office	4,000	2,865	4,383
Repairs and maintenance	1,200	3,726	502
Telephone	1,000	2,181	3,657
Utilities	6,250	7,733	12,335
Insurance	3,000	4,360	3,000
Elections, membership meetings	13,500	10,566	7,375
Honorarium	18,000	23,245	17,571
Travel, meals	25,750	27,293	25,117
Miscellaneous	131	743	-
	92,831	105,418	92,525
Annual Surplus	\$ -	\$ -	\$ 6

Caldwell First Nation
Schedule of Economic Development
Schedule 2

for the years ended March 31

	Budget 2014 (unaudited)	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada - FTP	\$ 42,000	\$ 42,000	\$ 42,000
Expenses			
Salaries	-	-	32,308
Employee benefits	-	-	1,675
Member training	12,000	21,152	-
Land development	30,000	20,669	7,269
Supplies	-	179	758
	42,000	42,000	42,010
Annual Deficit	\$ -	\$ -	\$ (10)

Caldwell First Nation
Statement of Revenue and Expenses
Trillium Grants

for the years ended March 31

	2014	2013
Income		
Trillium grant - War of 1812 (note 13)	\$ 49,449	\$ 43,051
Trillium grant - Roof repair	-	69,800
	49,449	112,851
Expenses		
Salary	43,830	21,170
Traditional runner	-	20,000
Administrative costs	5,619	1,881
Repairs and maintenance	-	69,800
	49,449	112,851
Annual Surplus	\$ -	\$ -

Caldwell First Nation
Schedule of Settlement Funding
Schedule 3

for the years ended March 31

	2014	2013
Expenses		
Membership payout	\$ -	\$ 72,000
Annual Deficit	\$ -	\$ (72,000)

Caldwell First Nation

Schedule of HIV/AIDS

Schedule 4

for the years ended March 31

	Budget 2014 (unaudited)	2014	2013
Revenue			
AIAI - Support Programs	\$ 3,298	\$ 3,298	\$ 3,298
Expenses			
Workshops	2,798	2,841	2,321
Postage	500	457	536
AIDS - supplies	-	-	441
	3,298	3,298	3,298
Annual Surplus	\$ -	\$ -	\$ -

Caldwell First Nation

**Schedule of Health
Schedule 5**

for the years ended March 31

	Budget ' 2014 (unaudited)	2014	2013
Revenue			
AIAI (note 6)	\$ 7,250	\$ 7,250	\$ 5,000
Expenses			
Supplies	2,250	2,250	-
Health promotions	5,000	5,000	5,000
	7,250	7,250	5,000
Annual Surplus	\$ -	\$ -	\$ -

Caldwell First Nation
Schedule of Aboriginal Healing and Wellness and Mental Health
Schedule 6

for the years ended March 31

	Budget 2014 (unaudited)	2014	2013
Revenue			
AIAI	\$ 103,323	\$ 103,324	\$ 103,324
Expenses			
Wages and benefits	69,000	69,000	65,000
Travel	4,000	4,000	2,003
Mental health programming	16,318	13,919	15,885
Healthy lifestyles	-	1,999	2,533
Workshops and supplies	4,500	4,500	11,610
Advertising	1,500	1,500	766
Program support	-	-	3,500
Office	8,005	8,406	2,027
	103,323	103,324	103,324
Annual Surplus	\$ -	\$ -	\$ -

Caldwell First Nation
Schedule of Aboriginal Diabetes Education
Schedule 7

for the years ended March 31

	Budget 2014 (unaudited)	2014	2013
Revenue			
AIAI	\$ 9,563	\$ 9,563	\$ 9,563
Expenses			
Support staff	-	-	2,200
Supplies	4,000	4,000	3,317
Postage	500	500	-
Workshops and training	5,063	5,063	4,046
	9,563	9,563	9,563
Annual Surplus	\$ -	\$ -	\$ -

Caldwell First Nation
Schedule of Fetal Alcohol Spectrum Disorder
Schedule 8

for the years ended March 31

	Budget 2014 (unaudited)	2014	2013
Revenue			
AIAI	\$ 20,363	\$ 20,363	\$ 20,963
Expenses			
Child nutrition	-	6,783	10,847
Administration	1,856	1,856	1,368
Postage	-	500	500
Speakers	-	-	250
Materials and supplies	18,507	5,385	483
Workshops	-	5,839	7,515
	20,363	20,363	20,963
Annual Surplus	\$ -	\$ -	\$ -

Caldwell First Nation
Schedule of Administration
Schedule 9

for the years ended March 31

	2014	2013
Revenue		
AIAI - capacity development	\$ -	\$ 51,512
Investment and trust revenue	3,547,254	1,850,102
Rental	63,727	16,307
Hunting & fishing, CORDA, fundraising	38,465	7,000
General	3,562	2,440
	3,653,008	1,927,361
Expenses		
Salaries	111,005	84,080
Utilities and telephone	11,231	2,303
Travel	3,475	3,054
Youth development	765	2,508
Cultural development	7,040	3,966
Membership events	303	6,243
Member health & education	-	5,766
Treaty rights	-	974
Library supplies	11,017	7,263
Office	1,018	3,275
Legal fees	57,585	15,199
ATR - process	164	-
Property expenses	98,923	44,387
CIIF expense	-	75,627
Miscellaneous	38,258	8,734
Amortization	17,047	-
	357,831	263,379
Annual Surplus	\$ 3,295,177	\$ 1,663,982

Caldwell First Nation**Schedule of OFNLP
Schedule 10****for the years ended March 31**

	2014	2013
Revenue		
OFNLP income	\$ 88,787	\$ 1,117,009
OFNLP (2008) income	498,254	1,010,000
OFNLP - Future Generations	63,446	349,730
Investment and trust revenue	-	2,994
	650,487	2,479,733
Expenses		
Community development	150,092	25,553
Health	-	150
Education	-	300
Economic development	31,194	70,813
Cultural development	-	700
Future generations - health	-	960
Future generations - education	1,272	860
	182,558	99,336
Annual Surplus (note 9)	\$ 467,929	\$ 2,380,397